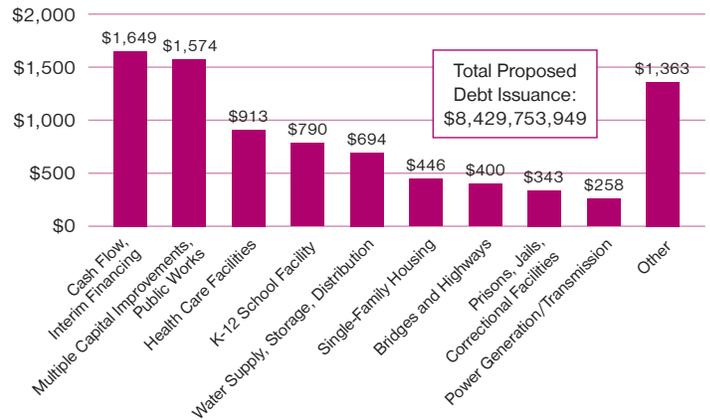


California Public Debt Issuance Monthly Data

CUMULATIVE CALIFORNIA PUBLIC DEBT ISSUANCE (IN BILLIONS)



REPORTS OF PROPOSED DEBT ISSUANCE RECEIVED 1-16-2012 THROUGH 2-15-2012, BY PURPOSE (IN MILLIONS)



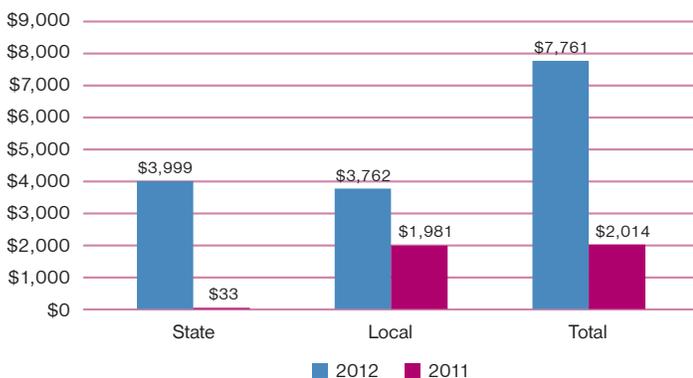
CALIFORNIA PUBLIC DEBT ISSUANCE MARCH (IN MILLIONS)



TOTAL REPORTS OF FINAL SALE RECEIVED 1/16/2012 THROUGH 2/15/2012, BY PURPOSE (IN MILLIONS)



STATE* VERSUS LOCAL DEBT ISSUANCE MARCH (IN MILLIONS)



* State issuers include the State of California, its agencies, commissions, authorities and departments. The Student Loan Corporations issued no debt in 2011 or 2012.

More detailed debt issuance information is available in the monthly [Debt Line Calendar](#). 

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Debt Line publishes articles on debt financing and public fund investment that may be of interest to our readers; however, these articles do not necessarily reflect the views of the Commission.

Business correspondence and editorial comments are welcome.

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DATA-CORNER

A MONTHLY UPDATE FROM CDIAC'S
DATA COLLECTION AND ANALYSIS UNIT

UPDATED CDIAC REPORTS

As financing strategies change and evolve, the California Debt and Investment Advisory Commission (CDIAC) makes updates to our reporting forms to collect data that is more relevant to current market conditions. With the increase in private placement financings, direct purchase loans, and financing participants sharing responsibilities in municipal deals, the Data Unit has recently updated our Report of Proposed Debt Issuance (RPDI) and Report of Final Sale (RFS) to collect data reflective of these trends in the municipal market.

On the RPDI, two data fields have been added. Filers are required to make a yes or no response to each question:

1. Will a validation action be pursued?
2. Is this financing a Private Placement?

On the RFS, the following data now needs to be provided by the filer.

1. The "Dated Date" of the transaction.
2. Firm name and address of the "Placement Agent".

3. Both net interest costs (NIC) and true interest costs (TIC), if available.

4. Issuance costs and fees for Co-Bond Counsels and Placement Agents.

The updated reports are currently only available for download on CDIAC's website at [CDIAC Debt Issuance Reporting Forms](#). Customers are still encouraged to use the online submittal process – these changes should be incorporated into the online submittal process by the end of May.

DATA UNIT ACTIVITY MARCH 2012

- ✓ Received and processed 127 Reports of Proposed Debt Issuance (RPDIs)
- ✓ Received and processed 114 Reports of Final Sale (RFSs)
- ✓ Received and processed 25 Marks-Roos Yearly Fiscal Status Reports (YFSRs)
- ✓ Received and processed 0 Mello-Roos YFSRs
- ✓ Mailed 57 invoices for payment of debt issuance fees **DL**

¹ Government Code Section 8855(j) authorizes the commission to require information to be submitted in the RFS that it considers appropriate.

² Government Code Sections 8855(i) and (j) require public issuers to submit a RPDI no later than 30 days prior to the sale and to submit a RFS no later than 45 days after the sale.

Redevelopment Agency Bond Issuance

Nova Edwards
Policy Research Unit

INTRODUCTION

Redevelopment agencies (RDAs) have been a part of the municipal landscape in California for over 60 years. RDAs were established through the California Community Redevelopment Act in 1945 and have been allowed to use property tax increment as a funding source since 1952.¹ In 1993, the Community Redevelopment Law Reform Act sought to refocus the practice of redevelopment on original intentions and curb perceived abuses with amendments that included a redefinition of blight, imposition of term limits on redevelopment plans, and requirements that RDAs file an annual statement of indebtedness with the county.²

In June 2011, Governor Brown signed ABX1 26, which called for the dissolution of RDAs as of October 1, 2011. ABX 27, a companion piece of legislation, however, allowed RDAs to opt into an Alternative Voluntary Redevelopment Program as a way to continue operating.³ Legal challenges ensued and the California Supreme Court declared ABX 27 unconstitutional while upholding ABX1 26. The Court's decision resulted in the dissolution of RDAs on February 1, 2012.

In light of the dissolution of redevelopment in California, the California Debt and Investment Advisory Commission (CDIAC) conducted a review of RDA debt issuance from 1985 to 2011. Data provided in this summary is derived from information reported to CDIAC as of April 4, 2012.

RDA ISSUANCE

From 1985 to 2011, RDAs issued \$46.9 billion. As shown in Figure 1, debt issuance peaked in 1985, 1993, and 2003 (\$3.7 billion, \$3.4 billion, and \$4.0 billion, respectively).

Between 1986 and 1991, RDA financing averaged around \$1.1 billion. The surge of issuance in 1993 aligned with the enactment of the Community Redevelopment Law Reform Act of 1993, which became effective January 1, 1994. From January to November 1993 issuance levels hovered near the average for prior years, around \$190 million per month. But in December, facing a change in the law, RDAs rushed to issue \$1.3 billion in debt (38 percent of the total issuance in 1993).

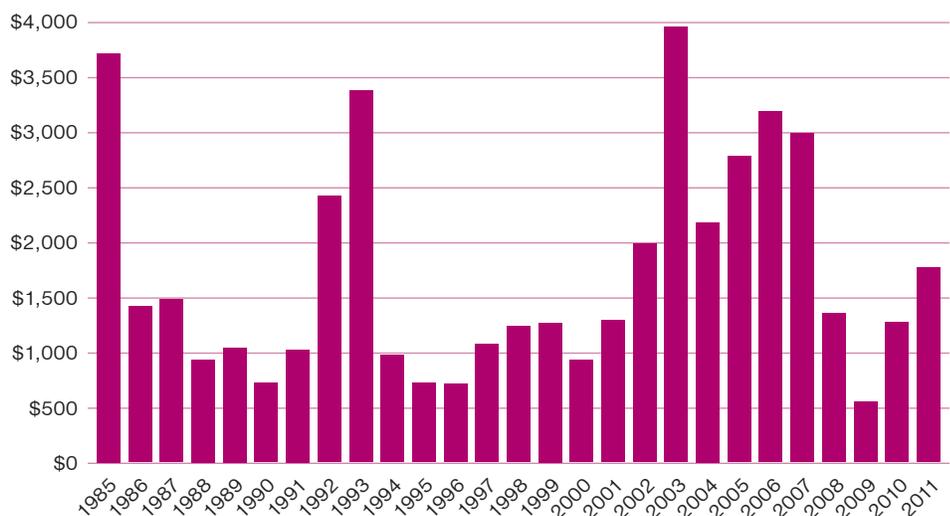
RDA debt in 2003 was the highest during the 27 year period. Interestingly, during that year, eight RDAs issued a total of \$1.6 billion, representing nearly 27 percent of all issuance in 2003 (\$4.0 billion)

(Figure 1). Between 2003 and 2007—the period now known as the housing boom in California—rapidly rising assessed values (peaking in 2006) accompanied increased RDA bond issuance.

Between 1985 and 2011, RDAs utilized six types of instruments to issue 97 percent of their debt: tax allocation bonds, conduit revenue bonds, notes, other revenue bonds, certificates of participation/leases, and commercial paper.⁴ Not unexpectedly, tax allocation bonds were the preferred financing instrument for RDAs accounting for \$36.9 billion (78.8 percent) (Figure 2). Conduit revenue bonds were the next most popular debt type used by RDAs (\$5.6 billion, 11.9 percent); most of which was targeted toward their redevelopment housing objectives (\$5.5 billion).

The primary source of repayment for redevelopment debt is property tax-increment; generally described as the growth in property taxes within the redevelopment area occurring after an established base

FIGURE 1
LOCAL RDA ANNUAL ISSUANCE, 1985-2011



¹ Governor's Redevelopment Proposal, Legislative Analyst's Office, 3 Feb. 2011.

² Bill Documents, AB 1290, 11 April 2012 www.leginfo.ca.gov/cgi-bin/postquery?bill_number=ab_1290&sess=9394&house=B&author=assembly_member_isenberg

³ Bill Number: ABX1 27, Chaptered, Bill Text, Jun. 2011, 11 Apr. 2012 www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0001-0050/abx1_27_bill_20110629_chaptered.html

⁴ Other revenue bonds include public enterprise revenue bonds, public lease revenue bonds, revenue bond pools, and sales tax revenue bonds. "Other" includes limited tax obligation bonds and special assessment bonds.

FIGURE 2

LOCAL RDA ISSUANCE BY DEBT TYPE, 1985-2011

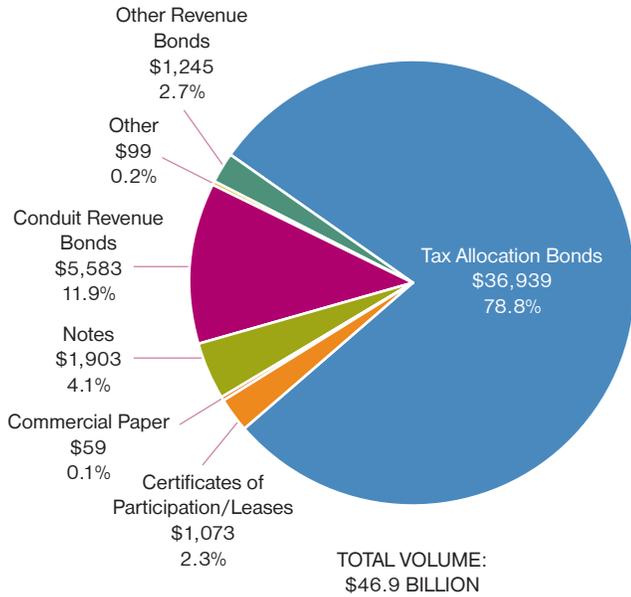


FIGURE 3

LOCAL RDA ISSUANCE BY SOURCE OF REPAYMENT, 1985-2011

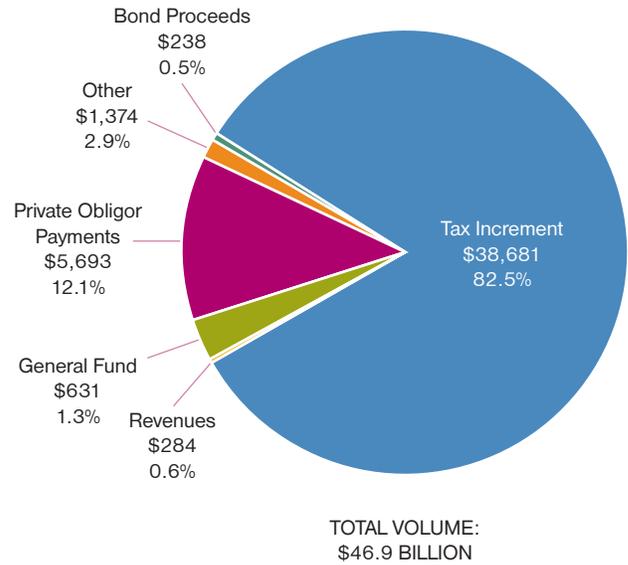
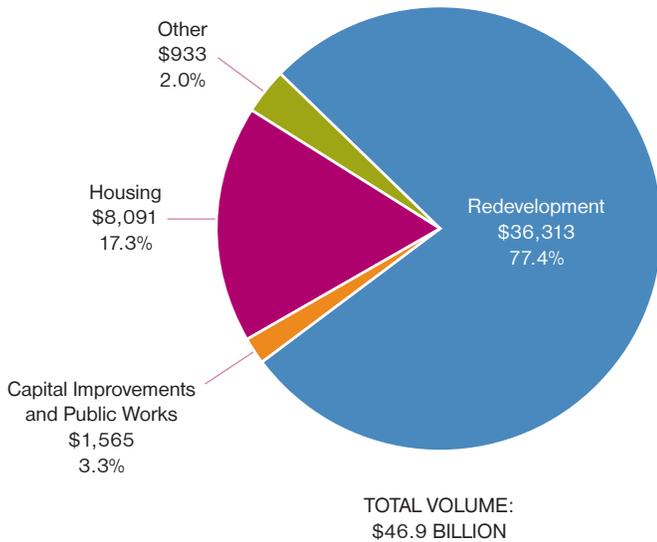


FIGURE 4

LOCAL RDA ISSUANCE BY PURPOSE TYPE, 1985-2011



year. (Figure 3)⁵ In addition to RDAs, schools and other local agencies receive tax-increments, but unlike schools and other local agencies, RDAs receive tax increments without voter approval.⁶ Consistent with the use of conduit revenue bonds by RDAs, private obligor payments are the second most used source of repayment for RDA financings (\$5.7 billion, 12.1 percent).

SUMMARY

RDAs have issued a significant volume of debt over the past 30 years to provide capital improvements to California cities and counties. While the dissolution of RDAs and the cessation of their debt financing activities will have a bearing on California’s municipal market, the greatest impact will be on the methods used by California public officials to plan and finance their community redevelopment and renewal goals in the future.



⁵ "Other" includes local obligations, property tax revenues/sales tax revenues, public enterprise revenues, special assessments, tax increment/bond proceeds, tax increment/general fund, tax increment/other source, tax increment/property tax revenues, tax increment/sales tax revenues, and intergovernmental transfers other than grants.

⁶ Governor’s Redevelopment Proposal, Legislative Analyst’s Office, 3 Feb. 2011.

CDIAC Commission Meeting

The California Debt and Investment Advisory Commission (CDIAC) will meet on Monday, June 6, 2012, at 1:30 pm at the Jesse M. Unruh State Office Building, 915 Capitol Mall, Room 587, Sacramento, California.

An agenda for this meeting will be posted on CDIAC's website (www.treasurer.ca.gov/cdiac) and at its office at least ten days prior to the meeting. Questions regarding the meeting may be directed to CDIAC by calling (916) 653-3269 or by email to cdiac@treasurer.ca.gov. **DL**

DODD-FRANK REFORM ACT CALENDAR OF EVENTS

Below are the following MSRB or SEC events and activities related to the implementation of the Dodd-Frank Wall Street Reform Act.¹

UPDATES FOR MARCH

- 20** SEC approved the MSRB's proposal to amend Rule G-14, including the Rule G-14 the Real-Time Transaction Reporting System (RTRS) Procedures, and to amend the RTRS information system and subscription service.
- 26** MSRB filed with the SEC a proposed rule change consisting of a restatement of its 2002 interpretive notice concerning the application of MSRB Rule G-17 (on conduct of municipal securities and municipal advisory activities) to sophisticated municipal market professionals.

UPDATES FOR APRIL

- 3** MSRB issued a notice to encourage state and local governmental entities that issue municipal securities to voluntarily post information about their bank loan financings to Electronic Municipal Market Access (EMMA).
- 10** MSRB requested comments on a proposal to streamline new issue information submission requirements under MSRB Rules G-32 and G-34.
- 11** MSRB reminded dealers that they may only redact information in Short-term Obligation Rate Transparency (SHORT) System Documents in very limited circumstances without incurring a violation of MSRB rules.
- 30** MSRB announced it will provide new historical products for municipal securities disclosure documents and data beginning June 2012.

MAY

- 3** MSRB filed with the SEC a partial amendment to its broker's brokers proposal to clarify two portions of Proposed Rule G-43.
- 4** The SEC approved MSRB's proposed interpretive notice on the application of MSRB Rule G-17 to underwriters of municipal securities, which will become effective on August 2, 2012. This rule states that underwriters of municipal securities will be required to disclose to their state and local government clients risks about complex financial transactions and potential conflicts of interest, among other new requirements. **DL**

¹ Municipal Securities Rulemaking Board, "Rules and Interpretations" www.msrb.org/Rules-and-Interpretations/MSRB-Rules.aspx
Municipal Securities Rulemaking Board, "SEC Filings" www.msrb.org/Rules-and-Interpretations/SEC-Filings/2011-Filings.aspx
U. S. Securities and Exchange Commission, "Dodd-Frank Spotlight" www.sec.gov/spotlight/dodd-frank.shtm

SAVE THE DATE

CDIAC Seminars, Webinars and Conferences

JULY

JULY 24, 2012

CDIAC and the Municipal Securities Rulemaking Board (MSRB) present, The New Rules and Tools of Municipal Finance
San Francisco, CA
www.msrb.org

Other Seminars and Conferences

MAY

MAY 8-11, 2012

Association of California Water Agencies Spring Conference and Exhibition
Monterey, CA
www.acwa.com

JUNE

JUNE 10-13, 2012

Government Finance Officers Association Annual Conference
Chicago, IL
www.gfoa.org

JUNE 12-15, 2012

California Association of County Treasurers and Tax Collectors Annual Conference
Hollywood, CA
www.cacttc.org

JUNE 13-15, 2012

National State Auditors Association Annual Conference
Madison, WI
www.nasact.org/conferences_training_events.cfm

JULY

JULY 20-23, 2012

Council of State Governments West 65th Annual Meeting
Edmonton, Alberta
www.csg.org

JULY 29–AUGUST 1, 2012

Association of Government Accountants Professional Development Conference
San Diego, CA
www.agacgfm.org

AUGUST

AUGUST 8-11, 2012

California Association of Sanitation Agencies Annual Conference
Monterey, CA
www.casaweb.org/conferences

AUGUST 11-15, 2012

National Association of State Auditors, Comptrollers and Treasurers Annual Conference
Seattle, WA
www.nasact.org

AUGUST 12-15, 2012

Association of Public Treasurers of the United States and Canada Annual Conference
Williamsburg, VA
www.aptusc.org

SEPTEMBER

SEPTEMBER 5-7, 2012

League of California Cities Annual Conference & Expo
San Diego, CA
www.cacities.org

SEPTEMBER 9-12, 2012

National Association of State Treasurers Annual Conference
Anchorage, Alaska
www.nast.net

OCTOBER

OCTOBER 9-12, 2012

California Association of County Treasurers and Tax Collectors Annual Conference
Walnut Creek, CA
www.cmrta.org

OCTOBER 9-12, 2012

California Municipal Revenue & Tax Association Annual Education Conference
Burlingame, CA
www.cacttc.org

OCTOBER 17-19, 2012

The Bond Buyer's 22nd Annual California Public Finance Conference
San Francisco, CA
www.bondbuyer.com

Organizations may submit information on future educational seminars, meetings, or conferences by contacting CDIAC at 915 Capitol Mall, Room 400, Sacramento, CA 95814, calling (916) 653-3269, faxing (916) 654-7440, or emailing cdiaceducation@treasurer.ca.gov. Publication of announcements is subject to space limitations.

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